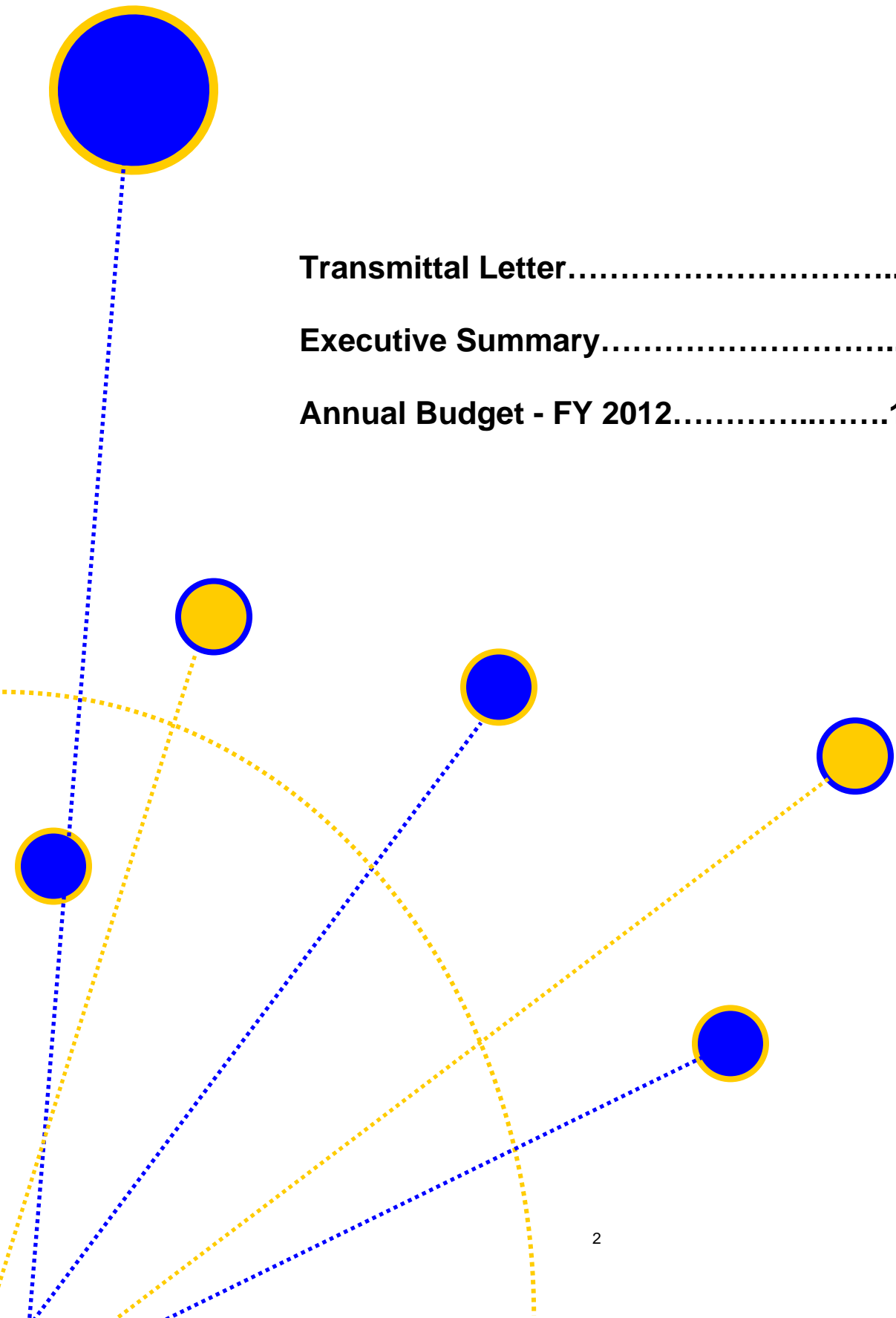




Annual Budget Fiscal Year 2012

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COMMONWEALTH of VIRGINIA

Thelma D. Drake
Director

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June 15, 2011

Secretary Sean T. Connaughton, Chairman
Mr. Jim D. Bowie
Dr. James A. Davis
Mr. Hollis D. Ellis
Mr. F. Gary Garczynski
Mr. James L. Keen
Mr. J. Douglas Koelemay
Mr. Aubrey Layne Jr.

Mr. Allen L. Louderback
Mr. Dana M. Martin
Mr. W. Sheppard Miller, III
Mr. Gerald P. McCarthy
Mr. Mark J. Peake
Mr. James E. Rich
Mr. Cord A. Sterling
Mr. Gregory A. Whirley

Dear Members of the Board:

Attached please find the Virginia Department of Rail and Public Transportation's recommended FY 2012 annual budget for your review and approval. The agency budget has increased significantly in recent years as funding has been shifted in an effort to bolster a multimodal approach to address the transportation issues in the Commonwealth. In FY 2005, the DRPT budget totaled \$248.5 million as compared to \$480.9 million in FY 2012. This represents an increase of over 93% during the past seven years despite the recent recession. As the funding has increased, DRPT has steadily transitioned to a business model that enables us to better serve as stewards of Commonwealth funding and as advocates of our programs. This new approach will also help to ensure that transit and rail projects deliver a substantial return on investment of state funds.

DRPT has initiated state-sponsored passenger rail service in the Rte. 29 and I-95 corridors. Chapter 874 of the *2010 Acts of Assembly* provided operating subsidy for the three-year demonstration project, but this is a short term solution, and it transferred rail capital funds to operations. Furthermore, under the federal Passenger Rail Investment and Improvement Act of 2008, Virginia will be responsible for the operating costs of an additional four regional trains beginning in FY 2014. Clearly, a long term solution is needed. In 2011, the General Assembly authorized the creation of the Intercity Passenger Rail Operating and Capital fund, but did not provide a funding source.

The planned level of state funding for transit operating expenses for FY 2012 has risen to 17.46%, up from last year's historic low of 14.73%. However, with gas prices increasing over the end of FY 2011, many transit providers will face funding challenges during FY 2012. The FY 2012 budget supports several priority transit initiatives, including the ten year state of good repair effort for WMATA, completion and operation of the Tide light rail system, construction of Phase 1 of the Dulles Corridor Metrorail Project, purchase of 15 new railcars for the Virginia Railway Express, evaluation of Bus Rapid Transit in Richmond, and expansion of transit service statewide.

We look forward to working with the Commonwealth Transportation Board to advance the programs and projects in our FY 2012 budget.

Sincerely,

A handwritten signature in blue ink that reads "Thelma Drake".

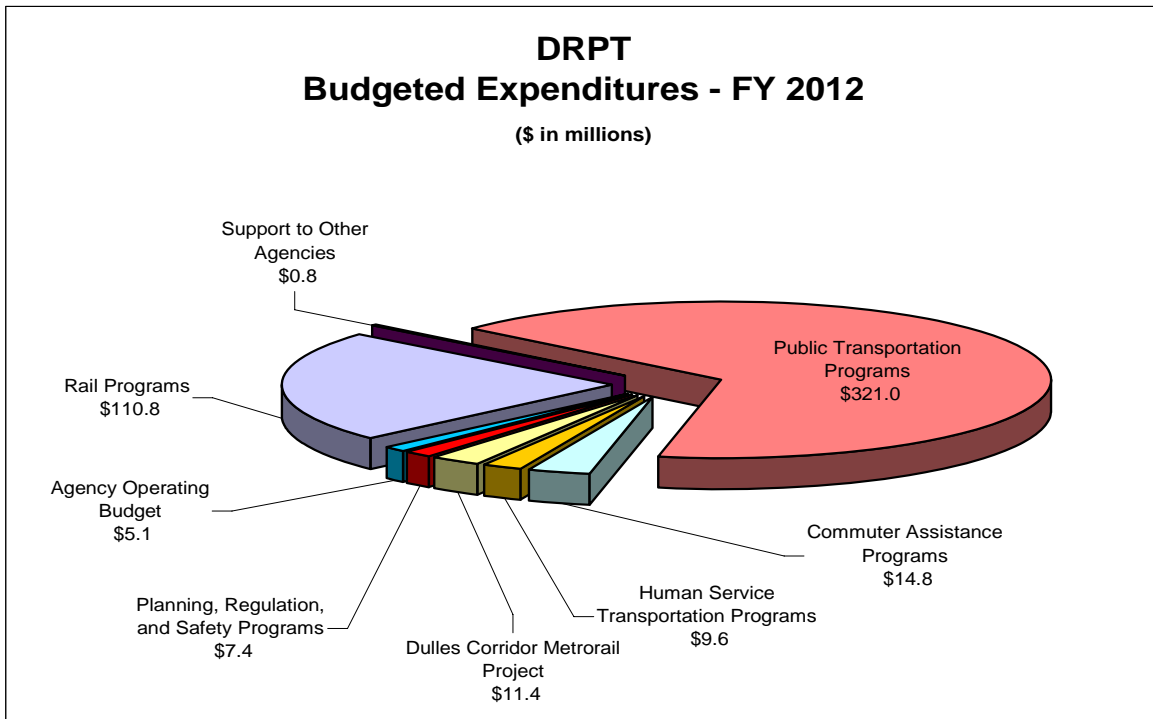
Thelma Drake



**EXECUTIVE SUMMARY
DRPT ANNUAL BUDGET
FY 2012**

Summary of FY 2012 Budget

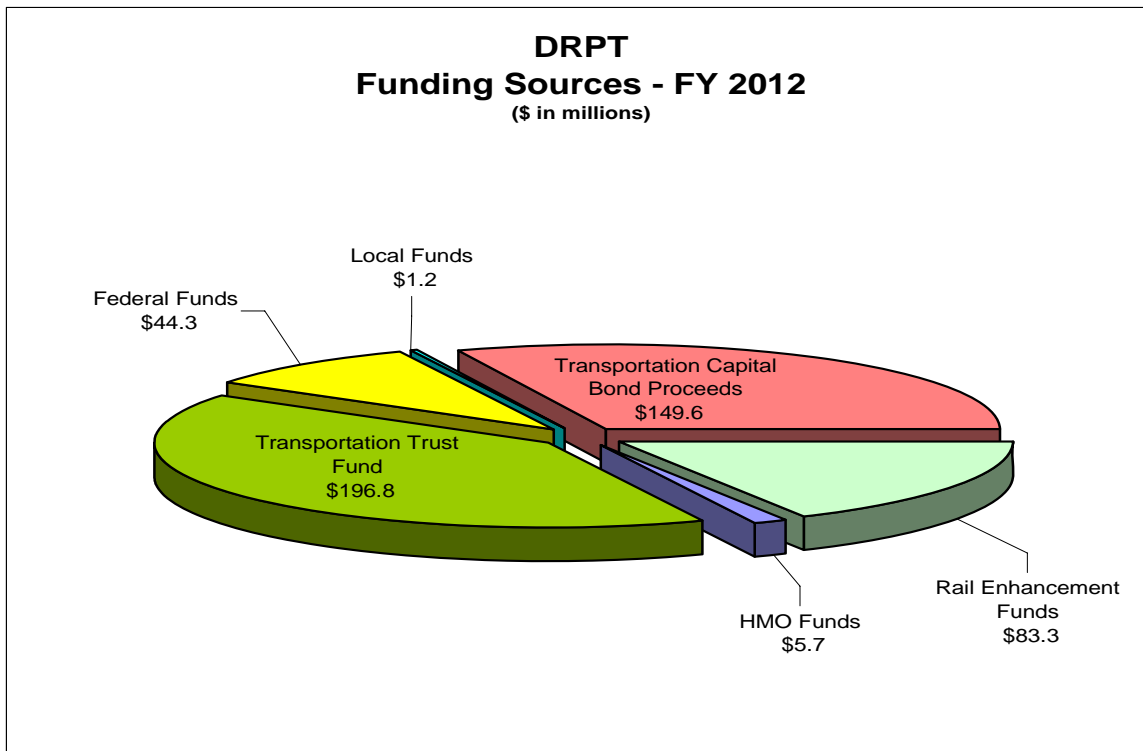
In FY 2012, DRPT anticipates spending \$480.9 million of federal, state, and local funds compared to \$465.4 million in FY 2011. The increase of \$15.5 million results primarily from an anticipated increase of public transportation operating and capital expenditures financed by the Mass Transit Trust Fund and by bonds, and an increase in Rail Enhancement Fund expenditures related to the Norfolk Passenger Train Service project, offset by a decrease in expenditures related to the Dulles Corridor Metrorail Project. The FY 2012 DRPT budget will be accounted for utilizing the agency's nine service areas, including: Public Transportation Programs; Commuter Assistance Programs; Human Service Transportation Programs; Rail Preservation Programs; Rail Enhancement Programs; Rail Industrial Access Programs; the Dulles Corridor Metrorail Project; Planning, Regulation and Safety Programs; and General Management and Direction (operating budget). The following chart depicts the DRPT budget:



The budgeted expenditures for each service area are discussed in more detail later in this report.

The major sources of funds for the DRPT budget are depicted in the chart on the following page. This does not represent the estimated revenues for FY 2012; instead, it shows the source of funding for the budgeted expenditures for the year. For example, \$106.5 million of Commonwealth of Virginia Transportation Capital Projects Revenue Bonds is allocated to transit in FY 2012 of the Six Year Improvement Program, but the budget and the funding sources statement includes \$117.0 million of

projected expenditures for FY 2012. This is the result of the two to three year lag on most transit capital projects between the SYIP allocation and the timing of the actual expenditures. Additional information concerning the DRPT FY 2012 revenues can be found on page 17.



FY 2012 Service Area Budget Highlights

Agency Operating Budget

The DRPT budget has increased significantly in recent years as transportation funding has been shifted in an effort to bolster a multimodal approach to transportation issues in the Commonwealth. In FY 2005, the DRPT budget totaled \$248.5 million as compared to \$480.9 million in FY 2012. This represents an increase of over 93% during the past seven years despite the recent recession. Additionally, the nature of the projects managed by DRPT has changed dramatically over the last 15 years. DRPT supports many regional initiatives as diverse as the Norfolk Light Rail Transit project, the Richmond bus rapid transit initiative, the Dulles Corridor Metrorail Project, and the I-95 and I-81 rail corridor programs.

In 2007, DRPT initiated a strategic review which resulted in a significant reorganization of the agency and the development of a comprehensive business plan. During the past four years, DRPT has steadily transitioned to a business model that will enable us to better serve as stewards of Commonwealth funding and as advocates of our programs through improved performance results. The one time special allocation of \$11.3 million authorized by the Commonwealth Transportation board (CTB) at its April 2007 meeting provided funding to develop and implement several initiatives as identified in the strategic assessment. These initiatives included a program of rail and

transit technical consulting expertise, a financial compliance review program, public benefit models, and asset management based capital budgeting.

Chapter 890 of the 2011 Virginia Acts of Assembly authorizes the CTB to approve up to a maximum of three percent per year of the Mass Transit Trust Fund, Rail Enhancement Fund, and the Rail Preservation Fund to support costs of project development, project administration, and project compliance. DRPT has determined that 2.3% (\$4.3 million) of the available balance of the aforementioned funds for FY 2012 will be sufficient to support the ongoing costs of these programs. A complete list of these estimated costs for FY 2012 is included in the budget statement at the end of this document.

The combined DRPT operating budget represents 2.0% of the \$480.9 million of total funds administered by the agency. The combined administrative cost was \$8.8 million or 2.2% of the budget for FY 2010. The actual cost to manage the DRPT programs for FY 2012 is estimated at \$9.4 million. The Highway Maintenance and Operating (HMO) fund provides \$5.1 million of the funding which is included in the DRPT budget in the agency operating budget service area. The Planning, Regulation, and Safety Program service area includes the \$4.3 million for program development, project administration, and project compliance.

Public Transportation Programs

The \$321.0 million in the public transportation programs budget for FY 2012 includes \$28.7 million in federal funds, \$21.4 million in state matching funds for federal allocations to public transportation projects, \$117.0 million of bond proceeds for statewide transit capital funding, \$125.5 million in Mass Transit Trust Funds, \$5.8 million of deobligated grant balances from the prior year, and recordation tax of \$22.6 million.

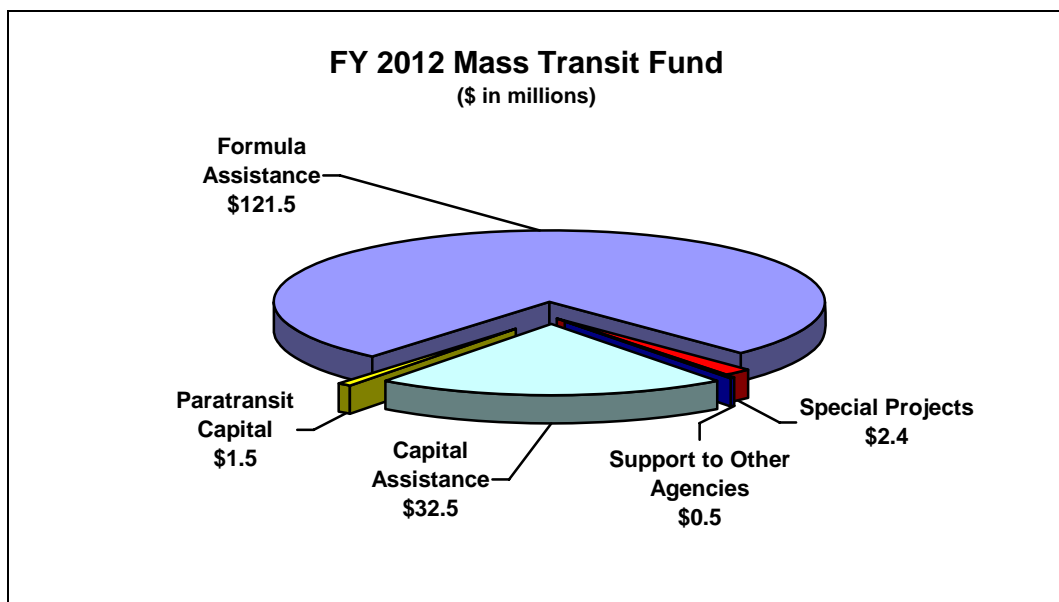
The FY 2012 allocation of Mass Transit Trust Funds represents an increase of \$25.8 million over FY 2011. The funding for this allocation is made up of 14.7% of the 1986 Special Session Revenue (Transportation Trust Fund) and the state recordation tax dedicated to public transportation operating assistance in Chapter 896 of the 2007 Acts of Assembly. The FY 2012 revenue estimate exceeds the FY 2011 estimate by \$20 million. Additionally, funds totaling \$5.8 million remaining on projects that did not advance or were under budget were added to estimated revenues for FY 2012.

The annual allocation of these funds is distributed in accordance with Appropriations Act language and the provisions of the Code of Virginia that established the Mass Transit Trust Fund (§58.1-638.A.4) and dedicated \$0.02 of the state recordation tax to the Mass Transit Fund (§58.1-815.4.). The distribution is as follows: 2.3% of the Mass Transit Trust Fund to support costs of project development, project administration, and project compliance per Item 446 of the 2011 Appropriation Act; \$1,500,000 for paratransit capital projects and enhanced transportation services for the elderly and disabled; recordation tax proceeds of \$22.6 million are allocated as state operating assistance grants; and the remaining portion of the 14.7% share of the Transportation Trust Fund dedicated to the Mass Transit Trust Fund is allocated by statute with

73.5% for state operating assistance grants (called formula assistance grants), 25% awarded as capital assistance grants, and the balance of 1.5% awarded as special projects grants subject to CTB approval.

For FY 2012, DRPT recommended due to the Special Program being undersubscribed that certain administrative actions be taken by the Commonwealth Transportation Board in order to maximize operating assistance provided by the Commonwealth. It is recommended that special projects receive only 0.70% with state operating assistance receiving 74.30%.

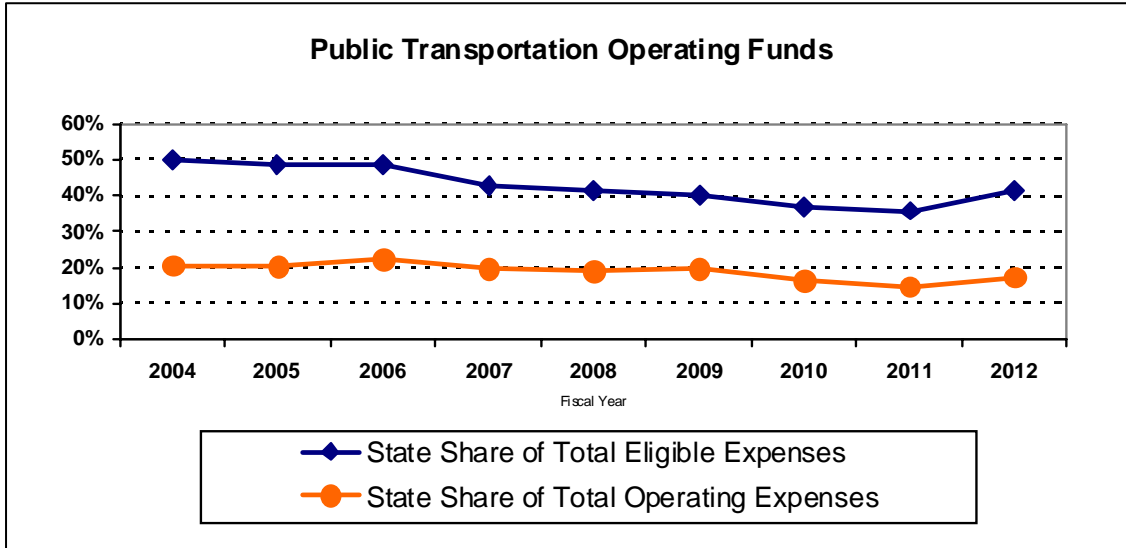
The FY 2012 SYIP allocation of Mass Transit Trust Funds for public transportation is depicted in the following chart. The variance in percentages from the chart data to the above mandated percentage allocations occurs because the recordation tax and the \$3,942,695 of deobligated grant funds are allocated entirely as formula assistance, and the special projects program includes estimated expenditures of \$1.5 million of the one-time, special CTB allocation of \$11.3 million to DRPT projects. This chart represents FY 2012 SYIP allocations and will not agree to budgeted expenditures in this report. For more information, see Note 1 on page 18.



Public Transportation Operating Funds

State formula assistance grants for public transportation operating expenses are awarded on the basis of the total annual amount of state funds available expressed as a percentage of the total annual amount of transit operating expenses, subject to a cap of 95% of eligible expenditures. Eligible expenditures are defined as costs of administration, fuel, tires, and maintenance parts and supplies (payroll costs of mechanics and drivers are excluded). In FY 2012, \$22.6 million of additional funding was added to the operating assistance program as mandated in §58.1-815.4. of the Code of Virginia from a \$0.02 share of the recordation tax. The overall state share of

eligible expenditures is 41.7% for FY 2012 versus 35.8% for FY 2011. The increase is due to an increase in revenue estimates compared to FY 2011.

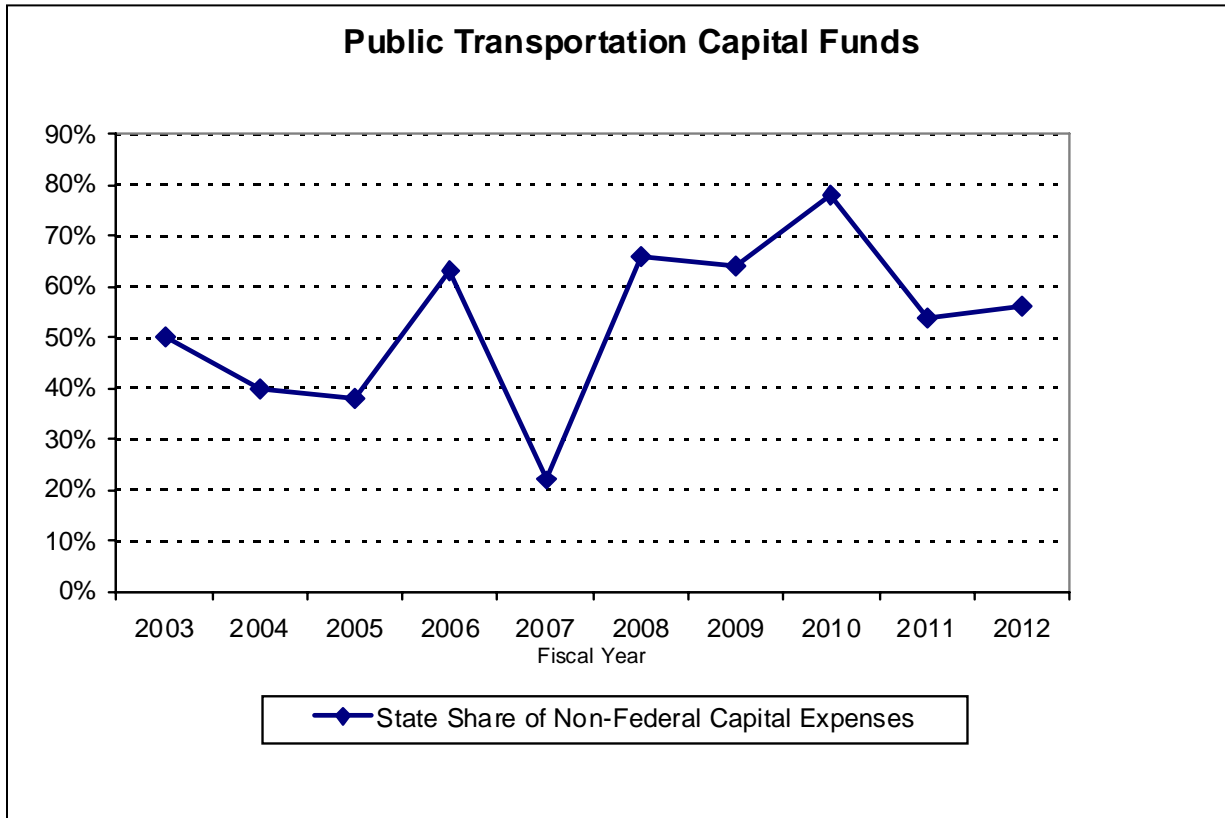


Public Transportation Capital Funds

State capital program grants from Mass Transit Trust Funds (MTTF) are awarded to all public transportation capital projects deemed to be eligible, reasonable, and appropriate at a uniform level of state participation. The goal is to reach the maximum allowable state share of capital expenses of 95%, but there have not been sufficient funds to support transit capital projects at this level since the Mass Transit Trust Fund was created in 1986. This level of participation or “state share” of capital project expenses is calculated by dividing the amount of state funds available for capital projects each year by the amount needed to support the non-federal share of all eligible transit capital projects for the year.

Beginning in FY 2008, additional capital funds from the Transportation Capital Projects Revenue bonds authorized under Chapter 896 of the 2007 Acts of Assembly have been available annually at a maximum state matching share of 80% in the Transit Capital Fund. For the current year, DRPT allocated \$106.5 million of anticipated bond proceeds in the SYIP with emphasis placed on replacement vehicles. This includes an allocation of \$50 million to match the federal funds to be received by WMATA for the state of good repair.

The chart below depicts a blended state share of non-federal capital costs of 56% for FY 2012 as compared to 55% for FY 2011.



In FY 2012, the budget for public transportation capital expenditures is \$185.7 million – a 25.0 million increase from FY 2011. This increase is attributed to the anticipated \$21.1 million increase in expenditures of the Chapter 896 transit capital bond proceeds in FY 2012 as compared to FY 2011 as well as an increase in estimated revenues. The projects to be supported by these funds, in addition to the applicable federal funds available to DRPT, are summarized in the table below:

| Public Transportation Capital Projects for FY 2012 | | | | | | |
|----------------------------------------------------|------------------------------|----------------------------|------------------------------------------|--------------------------|---------------------------------------------|-------------------------------------|
| | Replacement Transit Vehicles | Expansion Transit Vehicles | Vehicles for Elderly & Disabled Services | Service Support Vehicles | Transit Facility Construction or Renovation | Transit Facility Planning or Design |
| Bristol District | 11 | 0 | 3 | 1 | 0 | 0 |
| Culpeper District | 18 | 0 | 6 | 0 | 0 | 0 |
| Fredericksburg District | 12 | 0 | 11 | 0 | 0 | 0 |
| Hampton Roads District | 15 | 1 | 11 | 1 | 3 | 0 |
| Lynchburg District | 7 | 0 | 8 | 0 | 4 | 1 |
| Northern Virginia District | 91 | 43 | 69 | 43 | 7 | 4 |
| Richmond District | 30 | 0 | 16 | 1 | 1 | 0 |
| Salem District | 3 | 0 | 12 | 0 | 0 | 1 |
| Staunton District | 7 | 2 | 11 | 0 | 0 | 0 |
| Statewide Totals | 194 | 46 | 147 | 46 | 15 | 6 |

Public Transportation Special Projects Funds

The Special Programs budget is estimated at \$2.4 million for FY 2012. These funds are used to award discretionary grants for public transportation demonstration projects, technical assistance projects, and public transportation internships. The budget under this program includes \$1.5 million of anticipated expenditures of the \$11.3 million special CTB allocation.

| Public Transportation Special Projects for FY 2012 | | | | |
|-----------------------------------------------------------|------------------------|-------------------------------|-----------------------------------|-----------|
| | Demonstration Projects | Technical Assistance Projects | Public Transportation Internships | Total |
| Bristol District | 0 | 0 | 0 | 0 |
| Culpeper District | 1 | 0 | 0 | 1 |
| Fredericksburg District | 2 | 0 | 0 | 2 |
| Hampton Roads District | 0 | 1 | 1 | 2 |
| Lynchburg District | 0 | 0 | 0 | 0 |
| Northern Virginia District | 0 | 1 | 2 | 3 |
| Richmond District | 0 | 0 | 0 | 0 |
| Salem District | 2 | 3 | 0 | 5 |
| Staunton District | 0 | 0 | 0 | 0 |
| Statewide Totals | 5 | 5 | 3 | 13 |

Commuter Assistance Funds

The Commuter Assistance Programs budget includes \$4.4 million for FY 2011 to support Transportation Demand Management (TDM) projects in the Transportation Efficiency Improvement Fund (TEIF) program. The budget also includes \$10.4 million in projects included in the VDOT Six Year Improvement Program that DRPT will administer such as Arlington County Commuter Services program, Innovative Progress, Telework, RideFinders, and the Transportation Management Plan for Commuter Service for the Dulles project.

The TEIF program is a discretionary grant program that provides state funds to support 80% of the costs of TDM programs and special projects that are designed to reduce single occupant vehicle travel. These funds are used to support vanpooling, ridesharing, and marketing and promotional efforts across the Commonwealth that are designed to encourage travel in shared ride modes. The distribution of TEIF grants for FY 2012 is shown in the table on the following page.

| Commuter Assistance Projects for FY 2012 | | | |
|-------------------------------------------------|-------------------------------------------|----------------------|-----------|
| | Transportation Demand Management Agencies | Special TDM Projects | Total |
| Bristol District | 0 | 0 | 0 |
| Culpeper District | 2 | 0 | 2 |
| Fredericksburg District | 3 | 0 | 3 |
| Hampton Roads District | 0 | 0 | 0 |
| Lynchburg District | 0 | 0 | 0 |
| Northern Virginia District | 6 | 3 | 9 |
| Richmond District | 0 | 3 | 3 |
| Salem District | 1 | 3 | 4 |
| Staunton District | 2 | 0 | 2 |
| Statewide Totals | 14 | 9 | 23 |

Human Service Transportation Funds

The Human Service Transportation Programs budget includes \$9.6 million for FY 2012. This service area implements DRPT's initiatives to support human service transportation programs in the Commonwealth. Human service transportation programs are operated by local government social service agencies or private non-profit human service agencies for the benefit of their clients. These clients are elderly or disabled individuals and economically disadvantaged children who are enrolled to receive publicly funded social services.

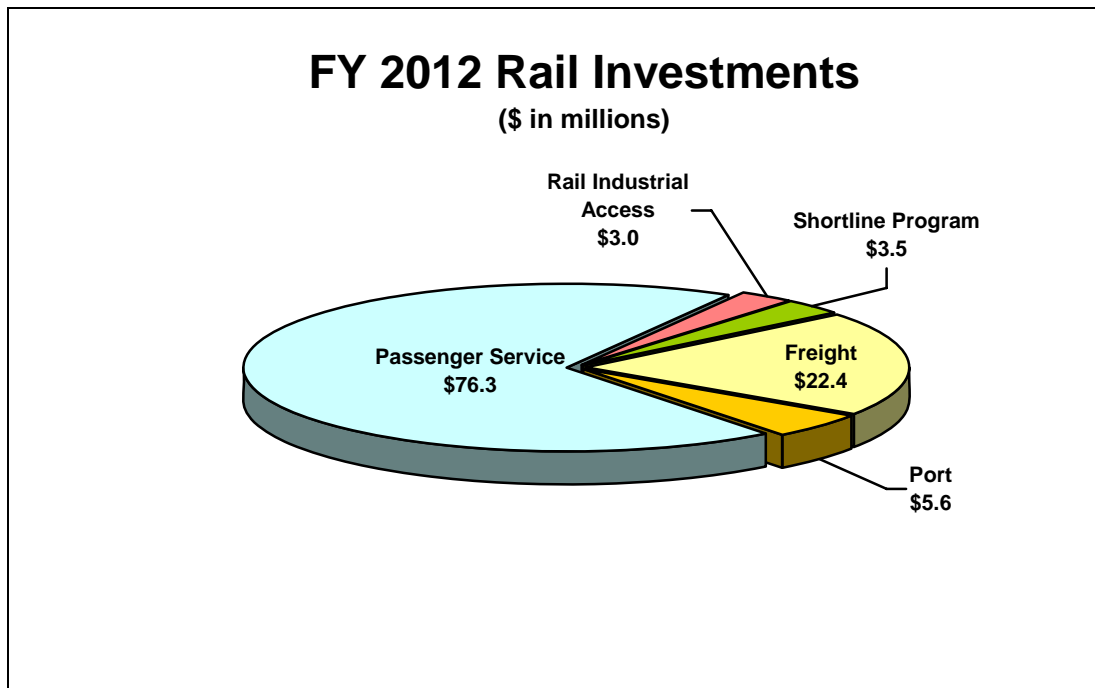
Human service transportation differs from public transportation in that it is designed to serve the very specific needs of human service agency clients and in most cases, service is restricted to the clients of those agencies who often have no other transportation service available to them. It is not open to the general public. The funding for this program comes from the Federal Transit Administration (\$6.8 million), local provider match (\$1.2 million), and Mass Transit Trust funds for enhanced transportation services for the elderly and disabled (\$1.6 million). The breakdown by district of the 147 vehicles purchased through this program can be seen in the Public Transportation Capital Projects table on page 10.

Dulles Corridor Metrorail Project

The FY 2012 budget for the Dulles Corridor Metrorail Project includes projected expenses of Commonwealth funds totaling \$11.4 million. The transfer of the Dulles Toll Road operations to the Metropolitan Washington Airports Authority was completed in Fiscal Year 2009, and the \$11.4 million represents unspent allocations from prior years that are anticipated to be spent in FY 2012. DRPT no longer records Dulles Project related capital construction financial transactions. The budget for the Dulles Project is included herein so that DRPT may advance the remaining Commonwealth funds allocated to the Project.

Rail Programs

DRPT's FY 2011 budget includes \$110.8 million in funding for passenger and freight rail improvements. The distribution of anticipated expenditures falls into five categories: Freight with \$22.4 million, Port related projects of \$5.6 million, Passenger Service with \$76.3 million, Shortline Program with \$3.5 million, and the Rail Industrial Access Program with \$3.0 million of expenditures.



Funding for DRPT's rail programs is supported through six funding sources: Rail Enhancement funds of \$82.7 million (includes \$54.8 million carried forward from the prior year), Transportation Capital Projects Revenue Bond funds of \$21.2 million, Federal Railroad Administration grant funds of \$1.6 million, Shortline Railway and Development funds of \$2.3 million, and Rail Industrial Access funds of \$3.0 million dollars.

Demonstration Passenger Service from Lynchburg to Washington began in FY 2010, and service from Richmond to Washington began in early FY 2011. Item 448.D of Chapter 874 of the 2010 Acts of Assembly set aside Rail Enhancement funds of \$6 million for the demonstration service. Total estimated expenditures for FY 2012 are zero as the operating profits from the Lynchburg to Washington service are expected to offset any potential operating losses from the Richmond to Washington service.

Transportation Bond Funds - Chapter 896 of the 2007 *Acts of Assembly* provides for Transportation Capital Projects Revenue Bonds to be issued annually with a minimum of 4.3% of the proceeds going to either the Rail Enhancement Fund or the Shortline Railway Preservation and Development Fund. For FY 2012, planned expenditures from these bond proceeds are \$17.4 million for joint passenger and rail infrastructure improvements and \$1.2 million for improvement to the tracks of shortline railroads. Additionally, bond proceeds will substitute for the remaining project costs related to the

Commonwealth General Funds of \$65 million that were provided in *Chapter 847 of the 2007 Acts of Assembly* for specific passenger and freight rail projects in the I-81 corridor. DRPT anticipates expenditures of \$2.6 million on these projects in FY 2012.

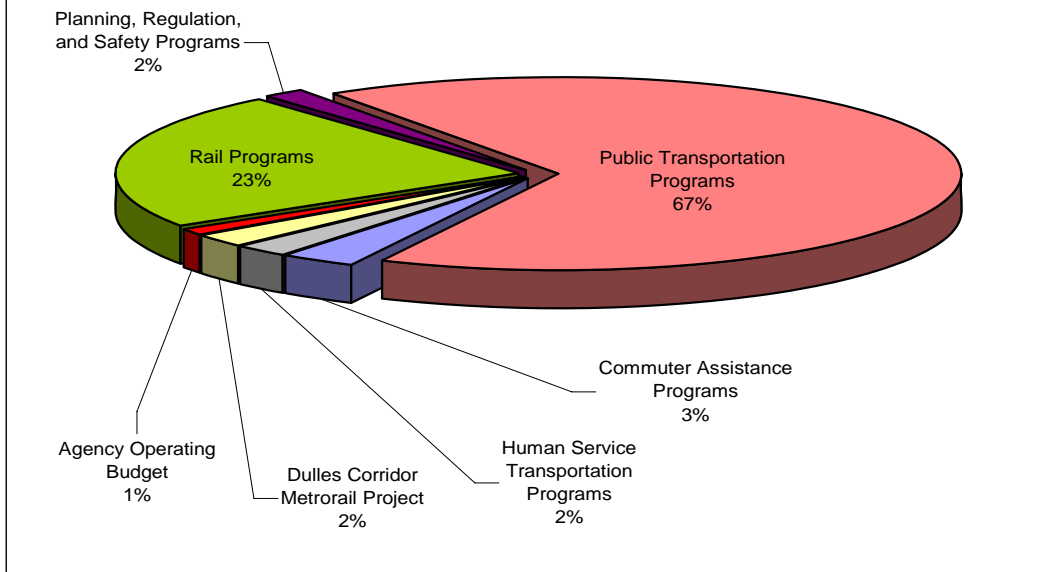
The Shortline Railway Preservation and Development Fund will support fourteen projects for Virginia's shortline railroads in FY 2012 through the Rail Preservation Program. These Rail Preservation projects consist primarily of tie and rail replacement and the related ballast, tamping, and surfacing of existing rail lines operated by the shortline railroads in Virginia. These projects are funded through the annual Transportation Trust Fund allocation and the related interest revenues.

The Rail Industrial Access Program funds the construction of industrial access railroad tracks. These projects are funded through the Transportation Trust Fund as projects are approved by the Commonwealth Transportation Board.



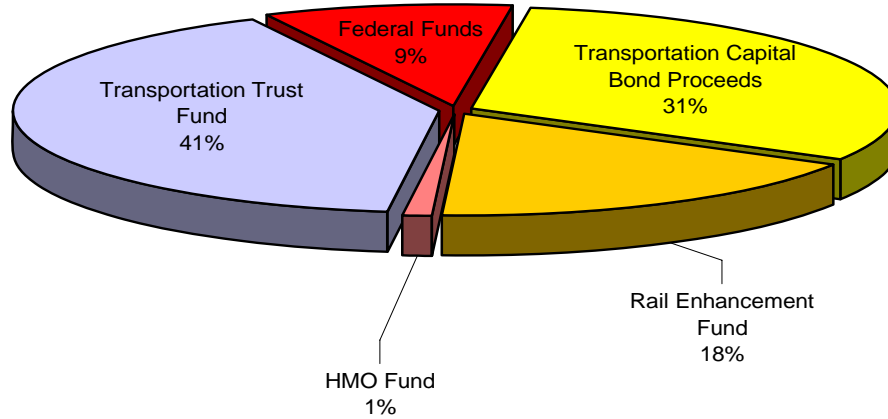
**DRPT ANNUAL BUDGET
FY 2012**

**DRPT
Budgeted Expenditures - FY 2012
(\$ in millions)**



| | <u>Adopted FY 2011</u> | <u>Recommended FY 2012</u> | <u>Increase / (Decrease)</u> | <u>Percentage Change</u> |
|---------------------------------------------------------|----------------------------|--------------------------------|----------------------------------|------------------------------|
| Public Transportation Programs | | | | |
| Operating Assistance [Notes 1, 2] | \$ 114.3 | \$ 132.9 | \$ 18.6 | 16.3% |
| Capital Assistance [Notes 1, 3] | 160.7 | 185.7 | 25.0 | 15.6% |
| Special Programs [Note 4] | 3.4 | 2.4 | (1.0) | -29.4% |
| Total | 278.4 | 321.0 | 42.6 | 15.3% |
| Rail Assistance Programs | | | | |
| Rail Preservation Programs [Notes 1, 5] | 5.6 | 3.5 | (2.1) | -37.5% |
| Rail Industrial Access [Note 6] | 1.8 | 3.0 | 1.2 | 66.7% |
| Rail Enhancement Programs [Notes 1, 7] | 79.7 | 104.3 | 24.6 | 30.9% |
| Demonstration Passenger Service [Note 8] | 3.0 | - | (3.0) | -100.0% |
| Richmond-Washington HSR [Note 9] | 8.3 | - | (8.3) | -100.0% |
| Total | 98.4 | 110.8 | 12.4 | 12.6% |
| Dulles Corridor Metrorail Project [Note 10] | | | | |
| Metrorail | 51.4 | 11.4 | (40.0) | -77.8% |
| Express Bus Service | 6.6 | - | (6.6) | -100.0% |
| Total | 58.0 | 11.4 | (46.6) | -80.3% |
| Commuter Assistance Programs [Note 11] | 10.4 | 14.8 | 4.4 | 42.3% |
| Human Service Transportation Pgm [Note 12] | 7.3 | 9.6 | 2.3 | 31.5% |
| Planning, Regulation, & Safety Pgm [Note 13] | 7.2 | 7.4 | 0.2 | 2.8% |
| Agency Operating Budget [Note 14] | 4.9 | 5.1 | 0.2 | 4.1% |
| Support to Other Agencies | 0.8 | 0.8 | - | 0.0% |
| Agency Total | \$ 465.4 | \$ 480.9 | \$ 15.5 | 3.3% |

DRPT
Funding Sources - FY 2012
(\$ in millions)



| | Adopted FY 2011 | Recommended FY 2012 | Increase / (Decrease) | Percentage Change |
|-------------------------------------------------------------------|--------------------|------------------------|--------------------------|----------------------|
| HIGHWAY MAINTENANCE AND OPERATING FUND [Notes 13, 14] | \$ 5.8 | \$ 5.7 | \$ (0.1) | -1.7% |
| TRANSPORTATION TRUST FUND | | | | |
| 1986 Special Session Revenue (14.7%) [Notes 2, 3, 4, 12] | 114.6 | 138.1 | 23.5 | 20.5% |
| Recordation Tax [Notes 1,2] | 22.3 | 23.1 | 0.8 | 3.6% |
| Transport. Efficiency Improvement Prgm (TEIF) [Note 11] | 4.0 | 4.4 | 0.4 | 10.0% |
| Rail Preservation Program [Notes 1, 5] | 3.0 | 2.4 | (0.6) | -20.0% |
| Rail Industrial Access [Notes 1, 6] | 1.8 | 3.0 | 1.2 | 66.7% |
| Rail Enhancement [Notes 1, 7] | 33.8 | 83.3 | 49.5 | 146.4% |
| Special Programs - VDOT Transfers [Notes 3, 11] | 8.0 | 25.8 | 17.8 | 222.5% |
| Total | 187.5 | 280.1 | 92.6 | 49.4% |
| BOND PROCEEDS - Transit Capital and Rail [Note 1,3,5,7,10] | 196.2 | 149.6 | (46.6) | -23.8% |
| FEDERAL REVENUE | | | | |
| American Recovery and Reinvestment Act (ARRA) [Notes 3, 7] | 25.7 | 1.6 | (24.1) | -93.8% |
| Flexible STP - Equity Bonus [Note 3] | 6.5 | 6.6 | 0.1 | 1.5% |
| FHWA Funding (CMAQ/RSTP) [Notes 3, 11, 15] | 5.3 | 6.4 | 1.1 | 20.8% |
| Federal Transit Administration [Notes 2, 3, 12, 13] | 22.8 | 28.1 | 5.3 | 23.2% |
| Federal Railroad Administration [Note 9] | 2.0 | 1.6 | (0.4) | -20.0% |
| Total | 62.3 | 44.3 | (18.0) | -28.9% |
| LOCAL REVENUES [Note 12] | 0.7 | 1.2 | 0.5 | 71.4% |
| TRANSFERS FROM OTHER AGENCIES | | | | |
| VDOT - Dulles Transfers [Note 10] | 6.6 | - | (6.6) | -100.0% |
| VDOT - VTA 2000 Transfers [Note 9] | 6.3 | - | (6.3) | -100.0% |
| Total | 12.9 | - | (12.9) | -100.0% |
| TOTAL SOURCES | \$ 465.4 | \$ 480.9 | \$ 15.5 | 3.3% |

DRPT
Footnotes to the FY 2012
Annual Budget

- (1) As a result of the 2007 Transportation Initiative, DRPT received two new funding sources for public transit and rail. The Initiative authorized \$3 billion of Commonwealth of Virginia Transportation Capital Projects Revenue Bonds to be issued with rail receiving a minimum of 4.3% and transit receiving a minimum of 20%. In FY 2012 allocations to capital projects funded with these bonds total \$106.5 million for transit capital and \$19.1 million for rail. Chapter 896 of the 2007 Acts of Assembly also dedicated \$.02 of the state recordation taxes imposed pursuant to 58.1-801 and 58.1-803 to the Commonwealth Mass Transit Fund. This is estimated to provide \$22.6 million of funding for transit operations in FY 2012.

The budgeted amounts in this report only include anticipated expenditures for FY 2012 and sources to cover these anticipated expenditures. Therefore, budgeted amounts will not agree to allocations in the Six Year Improvement Program (SYIP). For example, DRPT will allocate Transportation Capital Projects Revenue bond proceeds of \$106.5 million (as authorized in Code of Va. Section 33.1-23.4:01) for transit capital in FY 2011, but \$117.0 million is expected to be expended on those projects during FY 2012. The differences between the FY 2012 SYIP allocations and budgeted expenditures are as follows:

Reconciliation of SYIP Allocations to Budgeted Expenditures

| | |
|----------------------------------------------------------------|-------------------------------|
| Total Six Year Improvement Plan Allocations | \$ 423.3 |
| Various Federal Funds Allocations with Grantee FTA Contracting | (47.7) |
| High Speed Rail Funds to be spent in future years | (8.9) |
| Agency Operating Budget | 5.1 |
| 2.3% for Project Development, Administration, and Compliance | 4.3 |
| Local Funds | 1.2 |
| Indirect Costs | 0.8 |
| Prior Year Allocations in Current Year Budget | |
| Dulles Corridor Metrorail Project | 11.4 |
| Transit Revenue and Bond Allocations | 19.2 |
| Rail Revenue and Bond Allocations | 35.5 |
| Special CTB Allocation - April 2007 | 1.5 |
| Rail Industrial Access | 3.0 |
| VDOT Allocations included in DRPT Budget | 32.2 |
| Total Budgeted Expenditures | <u><u>\$ 480.9</u></u> |

DRPT Footnotes to the FY 2012 Annual Budget (Continued)

- (2) The budgeted expenditure line item entitled Public Transportation Programs - Operating Assistance increased by \$18.6 million. This was primarily due to an increase in estimated revenues. The activities budgeted in this line item consists of Mass Transit Trust Fund (MTTF) operating allocations of \$120.5 million, \$11.2 million in federal assistance through the FTA 5311 Rural Assistance program, and \$1.2 million in federal assistance through the FTA Jobs Access and Reverse Commute (JARC) program.
- (3) The budgeted Public Transportation Programs - Capital Assistance line item increased by \$25.0 million. This was primarily due to the anticipated \$21.1 million increase in expenditures of bond funded projects in FY 2012 as compared to FY 2011 as well as an increase in estimated revenues. The activities budgeted in this line item are \$32.5 million of MTTF allocation, \$117.0 million of Transportation Capital Projects bond proceeds, \$1.6 million of ARRA funding, \$14.7 million of federal allocations, and \$19.9 million in state matching funds.
- (4) The budgeted expenditure line item entitled Public Transportation Programs – Special Programs decreased by \$1.0 million for FY 2012. The activities budgeted in this line item consist of MTTF allocations of \$0.9 million and \$1.5 million of planned expenditures resulting from the special allocation of \$11.3 million of MTTF by the Commonwealth Transportation Board (CTB) at its April 2007 meeting. These special allocation funds are residual balances from previous MTTF project allocations that were no longer needed by the grantee for the original purpose of the grant. The \$1.0 million decrease is mainly due to a decrease in estimated expenditures of the \$11.3 million special allocation as the remaining balance is anticipated to be spent in FY 2012.
- (5) The 2006 General Assembly passed legislation (Code of Va. Section 33.1-221.1:1.2) to establish the Shortline Railway Preservation and Development fund. The Fund was created to support the retention, maintenance, and improvement of shortline railways in Virginia and to assist with the development of railway transportation facilities. The source of funding for the Shortline Railway Preservation fund is the Transportation Trust Fund of \$2.3 million. The additional \$1.2 million of planned expenditures is funded by Transportation Capital Projects Bond proceeds allocated by the CTB.
- (6) The Rail Industrial Access Program funds construction of industrial access railroad tracks. This budgeted line item increased by \$1.2 million mainly due to requirements in Chapter 890 of the 2011 Acts of Assembly to work with CSX to reduce the average dwell times of hazardous material shipments and to develop rail access in Caroline County to serve the U.S. Army special passenger troop train shuttle operation between Fort Lee and Fort A.P. Hill. This program is funded by the Transportation Trust Fund.

DRPT Footnotes to the FY 2012 Annual Budget (Continued)

- (7)** The budgeted Rail Enhancement Program line item increased by \$24.6 million in FY 2012. This is primarily due to the anticipated expenditures of \$64.3 million on capital improvements for the Norfolk Passenger Service in FY 2012. This increase is offset by a \$9.7 million decrease in anticipated bond expenditures authorized by Chapter 847, 2007 Virginia Acts of Assembly as well as several FY 2011 projects that were never started. The \$19.7 million FY 2011 anticipated expenditure for the Cherry Hill Third Track project is on hold until we get an agreement with FRA and CSX on design and performance. Nokesville to Calverton did not advance due to a delay in container growth and the downturn in the economy. The source of funding for the Rail Enhancement Fund is the state portion of vehicle rental taxes collected in the Transportation Trust Fund, estimated at \$27.9 million for FY 2011. Additionally, this line item includes Rail unobligated balances of \$54.8 million, Federal High Speed Rail funds of \$1.6 million, and bond proceeds of \$20.0 million.
- (8)** The budgeted Demonstration Passenger Service line item decreased by \$3.0 million. The Lynchburg to Washington service began in FY 2010, and service from Richmond to Washington began in early FY 2011. The Lynchburg to Washington service has generated sufficient operating profits to cover the operating losses for the Richmond to Washington service and this is anticipated to continue through FY 2012.
- (9)** The budgeted Richmond-Washington HSR line item decreased by \$8.3 million. This is primarily due to the pledging of VTA 2000 funds as state match to two Federal Railroad Administration (FRA) high speed rail grants that have not advanced to the agreement stage. These projects are not expected to advance to expenditure status in FY 2012.
- (10)** The FY 2012 budget for the Dulles Corridor Metrorail Project includes projected expenses of Commonwealth bond funds totaling \$11.4 million. This represents the remaining balance of the FY 2009 allocation of \$125 million to the project. The transfer of the Dulles Toll Road operations to the Metropolitan Washington Airports Authority was completed in Fiscal Year 2009. DRPT no longer records Dulles Project related capital construction financial transactions. The budget for the Dulles Project is included herein so that DRPT may continue to advance Commonwealth funds for the Project.
- (11)** Commuter Assistance Programs includes the Transportation Efficiency Improvement Fund of \$4.0 million from the Transportation Trust Fund plus \$0.4 million of prior year balances that are carried forward. Additionally, \$10.4 million in projects administered by DRPT with funding allocated through VDOT's Six-Year Improvement Program (CMAQ, RSTP, Safetea-Lu, Innovative Progress, Telework) is included in this Service Area.
- (12)** Human Service Transportation Programs includes the \$1.6 million of MTTF for the paratransit capital projects and enhanced transportation services for the elderly and disabled, \$5 million of FTA 5310 funding for vehicle purchases for providers of service to the elderly and disabled, \$1.2 million of local match to the FTA 5310 funds, and \$1.8 million of FTA New Freedom awards.

DRPT Footnotes to the FY 2012 Annual Budget (Continued)

- (13) Planning, Regulation, and Safety Programs includes the \$4.3 million allocation of 2.3 percent of the Mass Transit Trust Fund, Rail Enhancement Fund, and the Rail Preservation Fund to support costs of project development, project administration, and project compliance. Item 446 of Chapter 890 of the 2011 Virginia Acts of Assembly allows the CTB to approve up to a maximum of 3 percent per year of these funds for the purposes described herein. The major components of these budgeted expenditures for FY 2012 are as follows:

| | |
|--------------------------------------------------|---------------------|
| Rail Program Support | \$ 1,270,000 |
| Transit Program Support | 950,000 |
| Finance Compliance Review Program | 520,000 |
| Amtrak Marketing | 425,000 |
| State Safety Oversight Program | 670,000 |
| Facility Oversight Program | 300,000 |
| Other Program and Project Management Initiatives | 168,160 |
| Total | <u>\$ 4,303,160</u> |

Planning, Regulation, and Safety Programs also consist of the FTA 5303/5304 planning funds of \$2.7 million and the related state match of \$0.4 million.

- (14) The agency operating budget of \$5.1 million is funded by Highway Maintenance and Operating (HMO) funds. The program development, project administration, and project compliance budget is \$4.3 million as detailed in footnote 13. When these two items are combined, the resulting DRPT operating budget represents 2.0% of the total funds administered by the agency.
- (15) In order to provide comparative data to the FY 2012 budget, certain reclassifications were made to FY 2011 line items.